



UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
-----------------	-------------	----------------------	---------------------

09/058,840

04/13/98

WALKER

J

3178-4021US1

WM02/0611

MORGAN & FINNEGAN
345 PARK AVENUE
NEW YORK NY 10154

EXAMINER

PARISI, J

ART UNIT

PAPER NUMBER

2166

DATE MAILED:

06/11/01

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Office Action Summary

Application No.

09/058,840

Applicant(s)

WALKER ET AL.

Examiner

Joe Parisi

Art Unit

2166

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 122-160 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 122-160 is/are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claims ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on ____ is/are objected to by the Examiner.
- 11) ☐ The proposed drawing correction filed on ____ is: a) ☐ approved b) ☐ disapproved.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. ____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☒ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

Attachment(s)

- 15) ☒ Notice of References Cited (PTO-892)
- 16) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 17) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 26.

- 18) ☐ Interview Summary (PTO-413) Paper No(s). ____.
- 19) ☐ Notice of Informal Patent Application (PTO-152)
- 20) ☐ Other:

DETAILED ACTION

Status of Claims

1. The claims currently pending before this office are numbers 122-160, as added in applicant's preliminary amendment dated January 21, 2000 and amended in applicant's amendment dated March 26, 2001. Amended claims 122-160 are reviewed in this Office Action.

Response to Amendment

2. The receipt of an Amendment on March 26, 2001 is acknowledged and is entered as paper number 25 on the application file wrapper.
3. The title was amended as described below.
4. Independent claims 122, 135, 136, 142, 148, 149, 155 were amended.
5. Dependent claims 150-154 were amended

Specification

6. The specification was previously objected to since the title of the invention was not adequately descriptive. The title was amended in Applicant's Amendment dated March 26, 2001. The amended title, "Method and Apparatus for a Commercial Network System Designed to Facilitate Buyer-Driven Conditional Purchase Offers," is clearly indicative of the invention to which the claims are directed. As corrected in the Amendment, the objection to the title is withdrawn.

Double Patenting

7. The receipt of a Terminal Disclaimer under 37 C.F.R. 1.321 on March 26, 2001 is acknowledged and is entered as part of paper number 25 on the application file wrapper.

8. A number of claims, specifically claims 122-131, 135, 148, 149, and any claims depending upon these listed claims, were rejected under the judicially-created doctrine of double-patenting in view of commonly-assigned United States Patent Number 5,794,207 and a 1995 Business Wire Article. As amended by the use of the Terminal Disclaimer under 37 C.F.R. 1.321, the double-patenting rejections are withdrawn.

Claim Rejections - 35 USC § 103

9. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

10. Claims 122, 125, 127, 130, 135, 155, and 160 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of "OnSale Brings Thrill of Auctions and Bargain Hunting Online; Unique Internet Retail Service Debuts with Week-Long Charity Auction for The Computer Museum in Boston," from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267 in view of Fisher et al. in U.S. Patent Number 6,243,691 (hereinafter "Fisher") and further in view of Silverman et al. in U.S. Patent Number 5,077,665 (hereinafter "Silverman").

With regard to claims 122, 127, and 130, the *Business Wire* article details the launch of the ONSALE retail service whereby consumers access the onsale.com Internet web page, make their selection of a particular item on which to bid, and submit an offer utilizing the web page. Onsale.com uses a web server (i.e., computer storing a program with a processor in communication with a storage device and computer program) to provide access to their home page to customers through the Internet. Customers' bids constitute their purchase offers to buy at a specified price. These bids (i.e., purchase offers) comprise a selection of a subject of goods or services. The purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a "lot" of items is for sale, and the bidder must specify the quantity of items they wish to purchase. In order to place a bid on an item, customers complete a registration form on their computer. The form features standard credit information such as name, address, and credit card number (see Page 2, Paragraph 3) which is used as a payment identifier for use in providing payment for the item(s) if the offer is accepted. For example, offers are accepted when the bid price meets or exceeds any stipulated reserve price set by the seller or any quantity set in a Dutch Auction. In order to affect this methodology, inherent in the onsale.com method is a comparison of offered (bid) prices to minimum acceptable (reserve) prices. Customers are notified by email regarding the status of their bid(s), and the winning bid is charged directly by the merchant to the financial (credit card) account of the bidder and payment is provided to the seller.

While the OnSale article does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective

Art Unit: 2166

sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to effectuate the largest number of sales possible and to have the largest sales volume. In this manner, many more willing buyers may be able to purchase the goods or services in question. As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the Silverman patent teaches a matching system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of

Art Unit: 2166

reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, the OnSale article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system described in the OnSale article. Therefore, claims 122, 127, and 130 are rejected.

With regard to claim 125, customers access the OnSale web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph). Therefore, claim 125 is rejected.

Art Unit: 2166

Claim 135 is substantially similar to claim 122 in method form. As such, claim 135 is rejected for similar reasons as claim 122.

With regard to claim 155, the OnSale article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding. As such, claim 155 is rejected.

Claim 160 is substantially similar to claim 127 in system form. As such, claim 160 is rejected for similar reasons as claim 127.

11. Claims 122, 125, 127, 130, 135, 136, 139, 148, 149, 155, and 158 are rejected under 35 U.S.C. 103(a) as being unpatentable over Brown in United States Patent Number 5,794,219 (hereafter "Brown") in view of Fisher et al. in U.S. Patent Number 6,243,691 (hereinafter "Fisher") and further in view of Silverman et al. in U.S. Patent Number 5,077,665 (hereinafter "Silverman").

With regard to claim 122, Brown teaches a method for conducting an on-line auction. The customer establishes an account with the on-line auction company by providing their name, a financial account number, and the type of financial account used to support the extension of

Art Unit: 2166

credit. The customer, that is the prospective buyer, using an Internet browser, sends a graphical picture and description of their selection of goods to be purchased to the on-line auction company (see Column 6, line 19 and Column 6, line 56, also, see Figure 5). That is, the customer accesses a web page proffered by the merchant computer system (i.e., with a storage device storing a program and a processor in communication with said storage device).

The offer to buy, that is the conditional purchase offer, is made when the customer enters a bid through the web page. The customer's willingness to buy at their stated (bid) price, is the purchase offer. With regard to the purchase offer specifying at least one condition, this bid also may include a bid designation as another condition (see column 6, line 34). The examiner asserts that it is well known in the art that sellers in an auction environment are permitted to set minimum offer amounts (e.g., a "reserve price"), and takes Official Notice as such. As long as the buyer or buyer group meets this minimum amount, since their financial account(s) is pre-qualified, the seller agrees to accept their purchase offer. This acceptance is acknowledged when the winning bid owner is displayed on the remote computers (see column 8, line 42). The financial account of the owner(s) of the highest bid is then charged (see column 8, line 53). The funds are then transferred to the account company (see column 8, line 57), and the seller is paid from these funds.

While Brown does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic

Art Unit: 2166

matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to effectuate the largest number of sales possible and to have the largest sales volume. In this manner, many more willing buyers may be able to purchase the goods or services in question. As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the Silverman patent teaches a matching system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid

unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, Brown teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system described in the system of Brown. Therefore, claim 122 is rejected.

With regard to claim 125, the customer accesses the web page using a web browser (see Brown, column 6, line 19 and column 6, line 56, also, see Figure 5) as described above. Claim 125 is rejected.

With regard to claim 127, the financial account charged for the transaction is a credit card account (see Brown, column 5, lines 42-45) as described above. Claim 127 is rejected.

With regard to claim 130, the payment to the seller is provided with funds charged to the specified financial account (see column 8, line 53). Claim 130 is rejected.

Claim 135 is substantially similar to claim 122 in method form. As such, claim 135 is rejected for similar reasons as claim 122 above.

With regard to claim 136, Brown teaches a method of conducting an on-line auction whereby an account company, rather than the seller, charges the winning buyer(s) account(s) with the bid amount (see column 8, lines 48-55).

While Brown does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to effectuate the largest number of sales possible and to have the largest sales volume. In this manner, many more willing buyers may be able to purchase the goods or services in question. As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the Silverman patent teaches a matching

Art Unit: 2166

system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, Brown teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as

Art Unit: 2166

when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system taught by Brown. Therefore, claim 136 is rejected.

Claim 139 is substantially similar to claim 125 in system form. As such, claim 139 is rejected for similar reasons as claim 125 above.

With regard to claim 155, Brown teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding. As such, claim 155 is rejected.

With regard to claims 148, 149, and 158, Brown teaches a system whereby potential buyers view an on-line auction template (see column 5, lines 14-21). When potential buyers wish to submit a purchase offer, they enter their specific bid information on a bid entry form and transmit the electronic form to the computer system to submit their offer (see column 6, lines 25-40). Claims 148, 149, and 158 are rejected.

Art Unit: 2166

12. Claims 123, 128, 129, 136, 137, 139, 141, 142, 143, 145, 147, 148, 149, 150, 152, 156, and 158 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of "ONSALE..." from Business Wire, May 24, 1995. Dialog File 810.

Acc#0489267 as applied to claim 122 above and in view of Fisher et al. in U.S. Patent Number 6,243,691 (hereinafter "Fisher") and further in view of Silverman et al. in U.S. Patent Number 5,077,665 (hereinafter "Silverman").

With regard to claim 123, the OnSale article teaches proxy bid offers to ensure that buyers do not overbid on an item (see Page 2, Paragraph 4) as an example of bidder safeguards in place. While the OnSale article does not specifically state that the bid offers include an expiration date, the examiner asserts that it is well-known in the art for bid offers to include an expiration date or time, and takes Official Notice as such. For example, it is common in stock purchase acquisition arrangements, such as when Northrop offered to buy Grumman in 1994, to specify a bid price and a bid expiration date and time. One skilled in the art, including buyers and sellers, would be motivated to establish an expiration date or time in order to protect the bidder from unacceptable financial exposure. A customer offering to purchase an item would be motivated to include an expiration date for their offer as they manage their resources in the marketplace. In attempting to secure a product or service, a customer often must offer to purchase from a plurality of suppliers. The buyer is motivated to confirm acceptance of one of their offers prior to any expiration time or date imposed by the seller that considers offers "last." For example, if a customer were seeking to purchase one product from the pool of a plurality of sources, they would be motivated to commit the necessary funds to one transaction channel

Art Unit: 2166

rather than have an exposed position with multiple channels. The customer is motivated to know that one supplier will provide the good or service by accepting the purchase offer. To ensure their desired outcome, the purchaser will specify an expiration time for the first offer in order to ensure that they are able to secure the second supplier if the first supplier declines the purchase offer. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to include an expiration date as a condition of the purchase offer in the OnSale system described in the prior art.

With regard to claim 123, the *Business Wire* article details the launch of the OnSale retail service whereby consumers access the onsale.com Internet web page, make their selection of a particular item on which to bid, and submit an offer utilizing the web page. Onsale.com uses a web server (i.e., computer storing a program with a processor in communication with a storage device and computer program) to provide access to their home page to customers through the Internet. Customers' bids constitute their purchase offers to buy at a specified price. These bids (i.e., purchase offers) comprise a selection of a subject of goods or services. The purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a "lot" of items is for sale, and the bidder must specify the quantity of items they wish to purchase. In order to place a bid on an item, customers complete a registration form on their computer. The form features standard credit information such as name, address, and credit card number (see Page 2, Paragraph 3) which is used as a payment identifiers for use in providing payment for the item(s) if the offer is accepted. For example, offers are accepted when the bid price meets or exceeds any stipulated reserve price set by the seller or any quantity set in a Dutch Auction. In order to affect this methodology, inherent

Art Unit: 2166

in the onsale.com method is a comparison of offered (bid) prices to minimum acceptable (reserve) prices. Customers are notified by email regarding the status of their bid(s), and the winning bid is charged directly by the merchant to the financial (credit card) account of the bidder and payment is provided to the seller.

While the OnSale article does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to effectuate the largest number of sales possible and to have the largest sales volume. In this manner, many more willing buyers may be able to purchase the goods or services in question. As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the Silverman patent teaches a matching system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Art Unit: 2166

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, the OnSale article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Art Unit: 2166

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system described in the OnSale article. Therefore, claim 123 is rejected.

With regard to claims 128 and 129, the OnSale article discussed offers backed by the good standing of the credit accounts used to reconcile the billings. While the OnSale article does not explicitly disclose offer prices that are pre-authorized with a financial clearinghouse, potential buyers are required to register an account with the "auction company" and post a credit card account number with which to make payments for items purchased (see Page 2, Paragraphs 4 and 6). These accounts are then checked to establish credit (and therefore, bid) limits. Credit card issuers charge sellers a predetermined interchange fee and establish and track the credit line of the buyers, while making payments to merchants. The examiner asserts that it is well known in the art that other bid environments pre-authorize and guarantee payment of buyers' bids, and takes Official Notice as such. For example, the Depository Trust Company (DTC) has long been the clearinghouse for securities trading activity. The DTC and other clearinghouses guarantee payment of the credit-based purchases and provide payments to the sellers. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to utilize a financial clearinghouse to pre-authorize and guarantee conditional purchase offers in the OnSale environment. Claims 128 and 129 are rejected.

With regard to claim 136, the OnSale article discloses that its merchants charge the customer, ship the item, and perform the normal customer service relating to the item. While the

Art Unit: 2166

OnSale article does not explicitly state that the transaction is charged by an entity other than the seller, the examiner asserts that it would have been obvious for auction companies, auctioneers, and others that conduct auctions to charge a buyer account for payment of goods or services and to provide payment to the seller. Then, the entity conducting the auction would collect the payment, ship the merchandise, pay the seller, and otherwise act as a broker for the buyer and seller to come together in the marketplace. Those skilled in the art would be motivated to employ this transaction method to accommodate buyers and sellers that wish to remain anonymous, to each other or to the general public, and for those buyers and sellers who do not wish to handle the “mechanics” of the transaction such as the paperwork, shipping, et cetera. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to utilize an entity other than the seller to charge the buyer financial account in the OnSale system.

While the OnSale article does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to effectuate the largest number of sales possible and to have the largest sales volume. In this

Art Unit: 2166

manner, many more willing buyers may be able to purchase the goods or services in question.

As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the Silverman patent teaches a matching system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Art Unit: 2166

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, the OnSale article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system described in the OnSale article. Therefore, claim 136 is rejected.

Claim 137 is substantially similar to claim 123 above in system form. As such, claim 137 is rejected on similar grounds.

Claim 139 is substantially similar to claim 125 above in system form. As such, claim 139 is rejected for similar reasons.

Claim 141 is substantially similar to claim 127 above in system form. As such, claim 141 is rejected for similar reasons.

With regard to claim 142, the OnSale article teaches a system whereby bid offers from registered buyers to sellers are made, and the sellers ship the merchandise to the buyers. While

Art Unit: 2166

the OnSale doesn't explicitly state that unknown sellers participate in their forum, the examiner respectfully asserts that it is well-known in the art for anonymous sellers to participate in buyer-driven purchases such as auctions and takes Official Notice as such. Examples of these types of buyer-driven purchases include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers in the OnSale system and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

While the OnSale article does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to

Art Unit: 2166

effectuate the largest number of sales possible and to have the largest sales volume. In this manner, many more willing buyers may be able to purchase the goods or services in question. As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the Silverman patent teaches a matching system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, the OnSale article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system described in the OnSale article. Therefore, claim 142 is rejected.

Claim 143 is substantially similar to claim 123 above in system form. As such, claim 143 is rejected for similar reasons.

Claim 145 is substantially similar to claim 125 above in system form. As such, claim 145 is rejected for similar reasons.

With regard to claims 147, 148, 149, and 158, the OnSale article teaches a system whereby potential buyers click a button on their computer to view OnSale's inventory by price, type of goods, or selling format (see Page 2, Paragraph 2). The OnSale article teaches that, before making an order or placing a bid on an item, customers must first fill out a simple registration form on their computer screen (see Page 2, Paragraph 4) which includes credit card

Art Unit: 2166

account information. While the article does not explicitly state that customers complete electronic forms to proffer their bids, the examiner asserts that it is well-known in the art for on-line buyers to submit their purchase offers in this manner, and takes Official Notice as such. An example of this type of bid entry is cited in the Brown patent above. One skilled in the art would be motivated to submit and receive orders in this fashion as a means of verifying the merchandise description, re-confirming the offer price, and otherwise ensuring that the intended bid information is directed to the intended product or service. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to incorporate an electronic form for use to submit bids in the OnSale system.

While the OnSale article does not explicitly teach that a plurality of sellers market their goods and services to willing buyers, Fisher teaches that the prior art discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specified price (see Fisher, column 3, lines 55-57). These automated systems teach a means for effectuating sales of trading instruments through automatic matching in which buyers and sellers who are willing to trade with one another based on specified criteria may automatically trade when matching events occur satisfying these criteria (see Silverman, column 1, lines 14-23). One of ordinary skill in the art would be motivated to employ multiple buyers and sellers in the trading environment to effectuate the largest number of sales possible and to have the largest sales volume. In this manner, many more willing buyers may be able to purchase the goods or services in question. As Fisher teaches, this prior art refers to the process of matching a set of buyers' bids with a set of sellers' prices (see Fisher, column 3, lines 64-66). More particularly, Fisher discloses that the

Art Unit: 2166

Silverman patent teaches a matching system in which the book of bids and offers may be distributed under control of the central system or host computer, to the participating client sites in the system (see Silverman, column 1, lines 14-23). These are the plurality of sellers from which buyers may purchase goods or services.

Additionally, Silverman teaches that the trading system prior art alluded to by Fisher is an anonymous trading system (see Silverman, column 15, line 62 to column 16, line 12). One skilled in the art would be motivated to employ an anonymous matching system with which to trade to shield the identity of buyers and sellers so as to not influence market prices and trading efficiency. Additional examples of anonymous sellers include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network.

Further, with regard to the limitation claimed that once a conditional purchase offer is acceptable, "binding said customer to purchase the goods or services" is effected, the OnSale article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an

Art Unit: 2166

enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding.

Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made employ the multiple buyers and sellers, of Fisher and Silverman in the system described in the OnSale article. As such, claims 147, 148, 149, and 158 are rejected.

Claim 150 is substantially similar to claim 123 above in method form. As such, claim 150 is rejected on similar grounds.

With regard to claim 152, customers access the ONSALE web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph). Claim 152 is rejected.

Claim 156 is substantially similar to claim 123 above in system form. As such, claim 156 is rejected for similar reasons.

13. Claims 124, 138, 144, 151, and 157 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of "OnSale..." from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267 as applied to claim 122 above, and further in view of prior art shown in the attached copy of "Auctions and Bidding" from *Journal of Economic Literature*, June 1987, by R. Preston McAfee and John McMillan.

With regard to claims 124, 138, 144, 151, and 157, the OnSale article describes different types of auctions held on line. Standard auction, Dutch auction, and markdown (i.e., reverse auction) formats are discussed (see Page 2, Paragraph 3). The OnSale article does not specifically state that the seller inventory and pricing information includes seller-defined rules, but auction formats are the most basic form of seller-defined rules. Further, in the "Auctions and Bidding" article, theory of bidding mechanisms are discussed with particular attention to sellers specifying rules, including, but are not limited to, the exclusion of certain non-credit worthy buyers based upon past payment history, the inclusion of seller-defined expiration dates or times for offers, and the establishment of "reserve prices." Those skilled in the art, including sellers and brokers, would be motivated to incorporate any or all of these rules and others in the OnSale system to ensure prompt and full payment for goods and services purchased. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to include seller-defined rules such as reserve prices as conditions of acceptance of the purchase offer in the OnSale system described in the prior art. Claim 124 is rejected.

Claims 138, 144, 151, and 157 disclose parallel limitations with regard to seller-defined rules as claim 124 above in system and method forms. As such, claims 138, 144, 151, and 157 are rejected for similar reasons.

14. Claims 126, 140, 146, 153, 154, and 159 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of "OnSale ..." from *Business Wire*, May

Art Unit: 2166

24, 1995. Dialog File 810. Acc#0489267 as applied to claim 122 above, and further in view of prior art shown in the attached copy of "Guaranteed Forms of Payment" from *Credit Control*, November 1992, by Michael Burton.

With regard to claim 126, the OnSale article recites the establishment of a buyer account by registering and providing a credit card number with which to pay for accepted bids (see Page 2, Paragraph 4). While the OnSale article does not specifically state that the financial account charged for the purchase of goods or services is a debit account, the "Guaranteed Forms of Payment" article discusses payment forms that reduce the risk of non-payment. These include payment from a direct debit account (see Page 1, Paragraph 1). Further, both buyers and sellers would both be motivated to use debit accounts to reconcile billings to afford as much flexibility for buyers as possible in settling accounts and to provide a means for ensuring payment. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the debit accounts disclosed in the "Guaranteed Forms of Payment" article in the OnSale system. Claim 126 is rejected.

Claims 140, 146, 153, 154, and 159 disclose the same limitation with regard to debit accounts as claim 126 above in system form. As such, claims 140, 146, 153, and 159 are rejected on the same grounds.

With regard to claim 154, the OnSale article described above discloses the establishment of a buyer account by registering and providing a credit card number with which to pay for accepted bids (see Page 2, Paragraph 4). Claim 154 is rejected.

15. Claims 131 and 134 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art described in the OnSale article as applied to claim 122 above, and further in view of Mandler et al. in United States Patent Number 5,732,400 (hereafter, "Mandler").

With regard to claim 131, the OnSale article discussed offers backed by the good standing of the credit accounts used to reconcile the billings. The OnSale article does not explicitly disclose the use of the computer program to calculate a discounted value of the offer price. However, it is well-known in the art that credit card issuers charge an interchange rate that effectively reduces the final payment to the merchant by a predetermined discount level, thereby making the offer price a *discounted* offer. Additionally, Mandler teaches a system for on-line transactions that utilizes a financial clearinghouse to establish payments from buyers to sellers who have no previous relationship or credit history (see Column 3, lines 31-47). Mandler calculates a discount fee based upon a credit evaluation of the buyer, charges the buyer for the offer price, and provides payment to the seller of the discounted offer price (see claim 1). Those skilled in the art would be motivated to employ the transaction scenario taught by Mandler in the OnSale system to facilitate orderly exchanges and to guarantee prompt and efficient payments to the sellers. Claim 131 is rejected.

Additionally, with regard to claim 134, Mandler utilizes the clearinghouse system to effect buyers paying an agreed-to amount for their purchases and the sellers accepting a discounted amount for the settlement of the sale. There is no disclosure of this settlement price to the buyer. The only price, or cost information, they receive is the purchase price they agreed

Art Unit: 2166

to pay. Discounted payments to the sellers are not made known to the buyer. This type of system is well known within the art. For example, credit card purchasers are not privileged to the interchange rate credit card companies charge vendors. These discounted exchanges are commonplace. One skilled in the art would be motivated to employ this "non-divulged" discount payment scenario as illustrated by Mandler in the OnSale system to minimize the likelihood of sales between the buyer and seller without the mediation of the clearinghouse or credit card company. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to accept the conditional purchase offer as illustrated by Mandler without indication of amounts paid to the seller. Claim 134 is rejected.

16. Claims 132 -133 are rejected under 35 U.S.C. 103(a) as being unpatentable over the prior art disclosed in the OnSale article as applied to claim 122 above, and further in view of Egendorf in United States Patent Number 5,794,221 (hereafter, "Egendorf").

With regard to claims 132 and 133, the ONSALE article teaches a bid-ask system that registers potential buyers through entry of nominal credit information such as customers' names, addresses, and credit card numbers (see Page 2, Paragraph 4). The article does not explicitly disclose that the ONSALE system authenticates the bid prior to consideration and posting, but it is well-known in the art to complete this additional step of financial account, and specifically, credit card account, verification and authorization prior to accepting the offer and posting the charges. Further, Egendorf discloses an Internet billing method that incorporates the authentication of a purchase offer through a third party, including a credit card company (see

Art Unit: 2166

Column 5, lines 36-39 and also Column 5, line 66 to Column 6, line 13) prior to consideration of the offer and completion of the transaction. One skilled in the art would be motivated to employ this authentication and acceptance of financial account information to minimize unauthorized charges due to exceeding credit limits, fraudulent charges, and similar problems associated with credit accounts. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to incorporate the verification step of Egendorf in the OnSale system. Claims 132 and 133 are rejected.

17. Applicant's remarks in the amendment of March 26, 2001 have been fully considered, but are deemed unpersuasive and/or moot for the following reasons: Applicant's arguments rely principally on new claim limitations added via amendment, which have been fully addressed in the new grounds for rejection, *supra*. Therefore, a specific response to the new claim limitations argued is not necessary to repeat herein.

Prior Art

18. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

- a. United States Patent Number 4,799,156, "Interactive Market Management," by Shavit et al. A system is taught for interactive on-line processing of business transactions between a plurality of sellers and a plurality of buyers, including financial institutions.

Art Unit: 2166

b. United States Patent Number 6,236,972, "Method and Apparatus for Facilitating Transactions on a Commercial Network System," by Shkedy. A method and device to facilitate transactions of secondary market shares of an investment company.

b. United States Patent Number 5,835,896, "Method and System for Processing and Transmitting Electronic Auction Information," by Fisher et al. A method and system to allow a group of bidders to interactively place bids for sale of products and services.

c. "Dutch Auction," [definition only]

Internet web site wysiwyg://537/http://pages.ebay.com/help/basics/g-dutch-auction.html

d. "Binding Bids," [definition only]

Internet web site wysiwyg://298/http://pages.ebay.com/help/community/png-user.html

e. Harris, Roy J., Jr. "Northrop Offers to Sweeten Bid For Grumman--Increase Depends on Revision of Auction, But Target Isn't Planning Changes," *Wall Street Journal*. March 31, 1994. p. A3. A discussion of tender offers, bids, and acceptance of conditional purchase offers is shown.

f. "Reserve Price Auction," [definition only]

Internet web site wysiwyg://595/http://pages.ebay.com/help/basics/g-reserve-auction.html

g. "First Data Brings Secure Payment Processing to the Internet." *Information Today*. February 1995.

h. Sandberg, Jared. "VeriFone Expected to Announce System for Purchasing Goods On the Internet," *Wall Street Journal*. September 11, 1995. p. B8.

i. Bowers, Richard. "VeriFone's Automated Transaction For Internet," *Newsbytes News Network*. September 15, 1995. p. 1.

Art Unit: 2166

- j. Wagner, Mitch. "Credit-Card Authorization Set for 'Net,'" Computerworld. May 13, 1996. p. 6.
- k. Sandberg, Jared. "Entrepreneur Brings Auctions On-Line in New Bid at Success," *Wall Street Journal*. July 19, 1996. p. B1.

Information Regarding Communication With the PTO

19. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Joe Parisi whose telephone number is 703-308-7808. The examiner can normally be reached on Monday through Thursday from 7am to 5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Mr. Tariq Hafiz, can be reached on (703) 305-9643. The fax phone number for the organization where this application or proceeding is assigned is 703-308-9051.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-5140.



Joe Parisi
June 5, 2001



TARIQ R. HAFIZ
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 2100